

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
**2002-32**

2. STATE  
**MS**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**January 1, 2003**

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:

**42 CFR 447.201**

7. FEDERAL BUDGET IMPACT:

a. FFY **2003** \$ **-0-**  
b. FFY **2004** \$ **-0-**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Attachment 4.19-D, Page 126**  
**Attachment 4.19-D, Page 138**  
**Attachment 4.19-D, Page 148**

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):

**Attachment 4.19-D, Page 126**  
**Attachment 4.19-D, Page 138**  
**Attachment 4.19-D, Page 148**

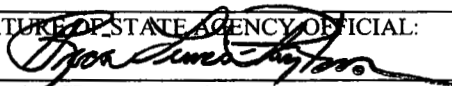
10. SUBJECT OF AMENDMENT: **This State Plan Amendment (SPA) is being filed to allow the Division of Medicaid to change the basis for the rental factor for property and return on equity from the Treasury Bond Composite (over 10 years) to the Treasury Securities Constant Maturities (10-year). The Treasury Bond Composite series ended June 30, 2000 and is no longer published.**

11. GOVERNOR'S REVIEW (*Check One*):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT  
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME: **Rica Lewis-Payton**

14. TITLE: **Executive Director**

15. DATE SUBMITTED: **December 23, 2002**

16. RETURN TO:

**Rica Lewis-Payton, Executive Director**  
**Miss. Division of Medicaid**  
**Attn: Rose Compere**  
**239 North Lamar Street, Suite 801**  
**Jackson, MS 39201-1399**

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

**12/23/02**

18. DATE APPROVED:

**2/14/03**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

**1/1/03**

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

**CHARLENE BROWN**

22. TITLE:

**Deputy Director, CHSO**

23. REMARKS:

4. A rental factor will be applied to the facility's total current value to estimate its annual fair rental value. The rental factor is determined by using the Treasury Securities Constant Maturities (10-year) as published in the Federal Reserve Statistical Release using the average for the second calendar year preceding the beginning of the rate period with an imposed lower limit of seven and one-half percent (7.5%) per annum and an imposed upper limit of ten percent (10%) per annum plus a risk premium. A risk premium in the amount of two percent (2%) will be added to the index value. The rental factor is multiplied by the facility's total value, as determined in 3. above, to determine the annual fair rental value.
5. The annual fair rental value will be divided by the facility's annualized total patient days during the cost report period used to set the rate to determine the fair rental per diem payment. Annualized total patient days will be adjusted to reflect any increase or decrease in the number of certified beds by applying to the increase or decrease the occupancy rate reported on the cost

---

TN NO	<u>2002-32</u>	DATE RECEIVED
	<u>SUPERSEDES</u>	DATE APPROVED
TN NO	<u>2002-19</u>	DATE EFFECTIVE

STATE	Mississippi	A
DATE REC'D	12/23/02	
DATE APPV'D	2/14/03	
DATE EFF	11/1/03	
HCFA 179		

2. Existing facilities, one year or older, will be valued at the new construction bed value less depreciation of 1% per year according to the age of the facility. Facilities will not be depreciated to an amount less than 30% of the new construction bed value. Facilities which were constructed in one year and then added additional beds in later years will be valued based upon the original construction date for the original beds and the added beds will be valued based upon their construction date.
3. The per bed value will be multiplied by the number of beds in the facility to estimate the facility's total current value.
4. A rental factor will be applied to the facility's total current value to estimate its annual fair rental value. The rental factor is determined by using the Treasury Securities Constant Maturities (10-year) as published in the Federal Reserve Statistical Release using the average for the second calendar year preceding the beginning of the rate period with an imposed lower limit of seven and one-half percent (7.5%) per annum and an imposed upper limit of ten percent (10%) per annum plus a risk premium. A risk premium in the amount of two percent (2%) will be added to the index value. The rental factor is multiplied by the facility's total value, as determined in 3, above, to determine the annual fair rental value.

---

TN NO	<u>2002-32</u>	DATE RECEIVED	_____
	<u>SUPERSEDES</u>	DATE APPROVED	_____
TN NO	<u>2002-19</u>	DATE EFFECTIVE	_____

STATE	<u>Mississippi</u>
DATE REC'D	<u>12/23/02</u>
DATE APPV'D	<u>8/14/03</u>
DATE EFF	<u>1/1/03</u>
HCFA 179	_____

A

2. Existing facilities, one year or older, will be valued at the new construction bed value less depreciation of 1% per year according to the age of the facility. Facilities will not be depreciated to an amount less than 30% of the new construction bed value. Facilities which were constructed in one year and then added additional beds in later years will be valued based upon the original construction date for the original beds and the added beds will be valued based upon their construction date.
3. The per bed value will be multiplied by the number of beds in the facility to estimate the facility's total current value.
4. A rental factor will be applied to the facility's total current value to estimate its annual fair rental value. The rental factor is determined by using the Treasury Securities Constant Maturities (10-year) as published in the Federal Reserve Statistical Release using the average for the second calendar year preceding the beginning of the rate period with an imposed lower limit of seven and one-half percent (7.5%)

TN NO 2002-32  
SUPERSEDES  
TN NO 2002-19

DATE RECEIVED \_\_\_\_\_  
DATE APPROVED \_\_\_\_\_  
DATE EFFECTIVE \_\_\_\_\_

STATE	Mississippi
DATE REC'D	12/23/02
DATE APPVD	2/14/03
DATE EFF	1/1/03
HCFA 179	